

Message Text

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IO/ SCT: RKENT/ JTREVITHICK

L/ SCI: EMAURER

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FM SECSTATE WASHDC

TO USMISSION IAEA VIENNA

INFO AMEMBASSY MEXICO

UNCLAS STATE 065262

E. O. 11652 N/ A

TAGS: IAEA TECH

SUBJ: ENRICHED URANIUM FUEL FOR MEXICAN POWER REACTOR

REF: (A) VIENNA IAEA 2550 (B) STATE 49422

1. PARA ONE REF (B) WAS INTENDED TO CONVEY CONCEPT, NOT STRUCTURE, OF AMENDMENT TO ATOMIC ENERGY ACT FOR BACKGROUND OF MISSION AND AGENCY.

2. IN RESPONSE QUESTION PARA TWO REF (A), ALTHOUGH EITHER APPROACH POSSIBLE, AMENDMENT OF ATOMIC ENERGY ACT PREFERRED APPROACH BY AEC.

3. PER PARA THREE REF (A), ALTHOUGH ARTICLE II A. OF AGREEMENT FOR COOPERATION USES SAME LANGUAGE--" WILL MAKE AVAILABLE"-- FOR BOTH EXISTING AND ADDITIONAL QUANTITIES SPECIAL NUCLEAR MATERIALS AS MAY BE " AUTHORIZED," EXISTING QUANTITIES AVAILABLE " PURSUANT TO THE AGENCY STATUTE", WHEREAS
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ADDITIONAL QUANTITIES NOT INTENDED TO BE SUBJECT THAT CONDITION IN AGREEMENT. THEREFORE, ADDITIONAL MATERIALS WOULD BE AVAILABLE TO AGENCY WHEN " AUTHORIZED BY THE U. S." PURSUANT TO AN EXECUTED SUPPLY CONTRACT.

4. WE WOULD BE PREPARED INCLUDE IN LETTER TO AGENCY RE ADDITIONAL MATERIAL, RECONFIRMATION OF EXISTING COMMITMENT SUPPLY BALANCE NOT ALREADY COMMITTED UNDER EXISTING CONTRACTS OF 5,070 KILOS AS SPECIFIED IN ARTICLE II OF AGREEMENT FOR COOPERATION, PER PARA 4 REF (A). INFORMATION PACKAGE INCLUDING PRINCIPLE TERMS NEW AEC ENRICHMENT CONTRACT, AS NOW BEING DISCUSSED WITH INDUSTRY AND JCAEAN BEING AIRPOUCHED TO MISSION SOONEST. UPON PUBLICATION OF NEW CRITERIA IN U. S. FEDERAL REGISTER, NEW CONTRACTING POLICY WILL BE APPLICABLE TO ALL SUBSEQUENT TOLL ENRICHMENT SERVICES CONTRACTS, REGARDLESS OF WHETHER CONTRACT IS PURSUANT TO OLD OR NEW TYPE AGREEMENT FOR COOPERATION.

5. PROPOSED NEW SUPPLY POLICY PROVIDES FOR TRANSITION PERIOD, HOWEVER, DURING WHICH COUNTRY WITH FIRM REACTOR SUPPLY CONTRACT MAY ENTER INTO URANIUM ENRICHMENT SERVICES CONTRACT WITH AEC WITHIN UP TO SIX MONTHS AFTER NEW AEC CONTRACT CRITERIA BECOMES EFFECTIVE, OR WITHIN ONE YEAR IF COUNTRY HAS CONCRETE PLANS TO ORDER A REACTOR BUT HAS NOT YET SIGNED REACTOR PURCHASE CONTRACT, FOR PROVISION OF ENRICHMENT SERVICES IN SHORTER TIME- PERIOD THAN PROPOSED UNDER NEW CRITERIA. THUS, IF MEXICO SIGNS CONTRACT WITH U. S. SUPPLIER FOR POWER REACTOR BEFORE NEW CRITERIA PUBLISHED (WHICH EXPECTED OCCUR WITHIN MONTH) IT WOULD HAVE SIX MONTHS THEREAFTER TO ENTER INTO ENRICHMENT SERVICES CONTRACT, OR ONE- YEAR THEREAFTER IF CONTRACT WITH SUPPLIER UNSIGNED AT THAT TIME, FOR RECEIVING ENRICHED URANIUM FOR INITIAL LOADING WITHIN ABOUT THREE YEARS AS INDICATED PARA 5 OF REF (A).

6. IT SHOULD BE RECOGNIZED THAT TOLL ENRICHMENT POLICY RELATES PRIMARILY TO LARGE QUANTITIES ENRICHED URANIUM REQUIRED FOR POWER REACTORS. SMALLER QUANTITIES OF MATERIAL FOR RESEARCH PURPOSES OR FUELING RESEARCH REACTORS, WILL CONTINUE TO BE AVAILABLE FROM USAEC ON SHORT- TERM PURCHASE BASIS. WE ASSUME AGENCY WILL WISH RESERVE SOME OF BALANCE OF 5000- PLUS KILOS FOR SUCH PURPOSES.
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UM WE EXPECT BE ABLE PROVIDE SOME INCREASED FLEXIBILITY IN
AMENDMENT OF AGREEMENT FOR COOPERATION FOR CONSIDERATION
OF REQUESTS FOR HIGHLY ENRICHED URANIUM, SHOULD THEY OCCUR,
PER AGENCY QUERY PARA 6. ROGERS

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